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U.S. Department of Justice

United States Attorney  
Southern District of New York

**MEMO ENDORSED**

The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York, New York 10007

March 11, 2017

**BY EMAIL AND ECF**

Honorable P. Kevin Castel  
United States District Judge  
Southern District of New York  
Daniel Patrick Moynihan United States Courthouse  
500 Pearl Street  
New York, New York 10007

Re: United States v. William T. Walters, a/k/a "Billy,"  
S1 16 Cr. 338 (PKC)

Dear Judge Castel:

The Government writes in response to the Court's Order of March 1, 2017, directing the U.S. Attorney to report to the Court in writing on certain investigations and proceedings. For the reasons set forth herein, the Government respectfully requests that the Court allow the Department of Justice's Public Integrity Section, rather than the U.S. Attorney's Office, to provide these updates, and to do so *ex parte* and under seal.

The Court's March 1, 2017 Order denied the defendant's motion to dismiss the Indictment and Court directed that:

... the United States Attorney for this district [] report to the Court in writing on the status of all investigations and proceedings against Special Agent Chaves or any other person making or concealing unauthorized disclosures related to insider trading investigations within 14 days of this Memorandum and Order and, thereafter, within 14 days of the close of every calendar quarter until further ordered.

Order at 2. As the Court is aware, on or about December 20, 2016, the Department of Justice opened a criminal investigation into the leaks at issue, overseen by the Department's Public Integrity Section ("PIN"), a component independent of the U.S. Attorney's Office. Gov't Mem. at 17-18. PIN has informed us, and we have reported to the Court, that while "the investigation will initially focus on the disclosure of non-public information in this case, if the investigation uncovers evidence of misconduct in other matters, PIN can broaden the scope of the investigation." *Id.* at 18. On February 9, 2017, the United States Attorney's Office for the

*A application granted in part. DOJ's Public Integrity Section may make the required submission an ex parte under seal version may be submitted to the Court but a redacted version shall be filed on the public docket 5 days thereafter*

*SO ORDERED*  
*[Signature]*  
*USPJ*  
*3-13-17*

Hon. P. Kevin Castel  
March 10, 2017  
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Southern District of New York (the "Office") was formally recused from the investigation of Special Agent Chaves, under Department of Justice procedures. As a result, PIN, rather than the Office, is the Department of Justice component able to provide the Court updates on the investigation, and PIN has advised that it will do so if the Court permits.

Finally, the Government requests that the Court allow PIN to submit its updates *ex parte* and under seal. The criminal investigation remains active, and public disclosures about the investigation could hinder it. We therefore request that the Court permit PIN to update the Court *ex parte* and under seal. PIN proposes to deliver its updates by U.S. mail, or courier service.

Respectfully submitted,

PREET BHARARA  
United States Attorney

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